

HB 34  
National Assembly for Wales  
Communities, Equality and Local Government Committee  
Housing (Wales) Bill: Stage 1  
Response from: Wales Co-operative Centre



**Wales Co-operative Centre**  
**Canolfan Cydweithredol Cymru**

**Inquiry in the general principles of the Housing (Wales) Bill**

Response from the Wales Co-operative Centre

January 2014

## **About the Wales Co-operative Centre**

The Wales Co-operative Centre is pleased to respond to the inquiry into the general principles of the Housing (Wales) Bill. The Wales Co-operative Centre works to confront persistent social inequalities experienced by individuals and communities across Wales. We do this through:

- Support for social enterprise and co-operative business development and growth;
- Encouraging people to use digital technologies, and;
- Facilitating access to joined-up financial advice and support services, including those offered by credit unions and the wider social enterprise sector.
- Supporting the development of co-operative housing initiatives in Wales

The Wales Co-operative Centre's Impact Report 2012-13 demonstrates how we are improving communities, creating jobs, tackling exclusion and changing lives. In the last 12 months:

- Our Social Enterprise Support Project has assisted 133 co-operatives and social enterprises across Wales, created 36 jobs and helped create 47 new enterprises.
- The Communities 2.0 project assisted 116 community groups and voluntary organisations and 51 enterprises. 12,984 people were helped to increase their engagement with technology by the project and 122 people were helped to progress in the jobs market.
- The Tackling Homelessness through Financial Inclusion (THFI) project has so far helped 173 private rented sector tenants set up Credit Union Rent Accounts to help sustain their tenancies
- We have assisted 10 pioneer co-operative housing projects

Within our work on social enterprise, financial inclusion and tackling poverty we run two projects that are particularly pertinent to this consultation, Tackling Homelessness through Financial Inclusion and a Co-operative Housing Support Project.

### **Tackling Homelessness through Financial Inclusion (THFI)**

The Tackling Homelessness through Financial Inclusion project aims to prevent homelessness by promoting individuals' ability to manage their money. It aims to support landlords and tenants to maintain tenancies through welfare benefit reform by the use of a Credit Union Rent Account model to support the use of Housing Benefit/Local Housing Allowance to pay rent.

### **Co-operative Housing**

Co-operative housing can provide an innovative, affordable and alternative model for home ownership in Wales. This project offers business support and advice to new and existing organisations looking to develop housing co-operative schemes. The goal of the

project is to develop and stimulate demand for the co-operative housing approach throughout Wales. The project provides support in the following key areas: providing access to expertise and advice about co-operative housing; providing skills development and training opportunities for members of co-operative housing schemes; producing research that can inform the development of co-operative housing schemes; supplying networking opportunities and share good practice; and developing guidance for future co-operative housing schemes.

## **Response from the Wales Co-operative Centre: Inquiry in the general principles of the Housing (Wales) Bill**

### **Introduction**

The Wales Co-operative Centre welcomes the aims of the Housing (Wales) Bill to ensure people have access to good quality affordable homes and better housing related services. We particularly welcome the move to increase the duty on local authorities to prevent homelessness and to ensure security of tenure and surety of finance for fully mutual housing associations. We believe that these two elements of the Bill will together help reduce the threat of homelessness.

At the Wales Co-operative Centre, we work to combat homelessness by taking a proactive early intervention approach to mitigate the need for costly crisis intervention further down the road. The Centre delivers support to people in the private rented sector to manage their finances and sustain their tenancies, gaining the confidence of private landlords and keeping much needed private housing stock available at Local Housing Authority rates. The ultimate aim, by securing peace of mind of the tenant and landlord, is to reduce the number of households who present as homeless due to rent arrears.

This alone can not solve the bigger issue of the lack of affordable housing solutions in Wales. We also need to be considering co-operative housing models as a way forward, both in extra care and general needs accommodation. The Wales Co-operative Centre's Housing project is investigating different approaches that could deliver support and housing solutions that are developed in partnership with the people who require them, giving more democratic control. This approach also gives families and the local community the opportunity to contribute to a collaborative model.

### **Increasing the duty on local authorities to prevent homelessness**

In principle, the Wales Co-operative Centre welcomes the simplification and clarity that the Bill seeks to bring, and is supportive of its aims to increase availability of housing stock, improve standards in the private rented sector and increase the duty on local authorities to prevent homelessness. Whilst we are not a housing or direct service provider, we deliver projects that work collaboratively across public, private and the third sector (private landlords & their tenants, credit unions, and local authority housing strategy teams) that aim to reduce the number of households presenting as homeless by supporting tenants to sustain their tenancies and prepare for the transition to Universal Credit through increased financial capability and awareness.

On the reform of homelessness law, we welcome the proposals for the duty to prevent homelessness to commence up to 56 days before the applicant is likely to become homeless. This is an increase on the current guidelines of 28 days and will allow local authorities more time to assist tenants in finding alternative accommodation thus

reducing the threat of them becoming homeless. While early intervention such as this can require extra resources, it is more cost effective in the longer term than intervention at crisis point. We also believe that the principle of using suitable accommodation in the private rented sector to prevent homelessness is a very positive step, providing that local authorities have the resources required to ensure the properties and landlords are both 'fit and proper'. This could be achieved by using Landlord Accreditation Wales accredited landlords in the first instance.

We welcome the proposed registration and licensing scheme for all private rented sector landlords, letting and management agents. We believe that if the registration takes a similar form to the Landlord Accreditation Wales, it would be very useful to include a section on affordability, financial inclusion and illegal money lending as this is a key cause of unsustainable tenancies. In light of welfare reforms, particularly Universal Credit the more aware and prepared tenants and landlords are the higher the likelihood of creating more sustainable tenancies. Our experiences suggest that private rented sector landlords in general want long term sustainable tenancies and rent paid in full and on time in return for the provision of a good standard property that meets required legislation.

Nevertheless, we have some concerns about potential barriers to the successful implementation of the registration and licensing scheme. The registration and subsequent licensing fee, coupled with the implementation of Universal Credit could see an increase in the number of landlords refusing to let to tenants on benefits at a time when local authorities will be able to discharge more people into this sector. Furthermore, we believe that a system where landlords operating across several local authorities have to register with each individual local authority could be a burden on landlords. A centralised database could be more appropriate and facilitate the success of the scheme.

In addition, we are not clear on how the registration and licensing scheme will identify undesirable landlords who operate below standards and who may not be letting to tenants on benefits. Recent research by Sliced Bread Consulting shows that private rented sector tenants are less likely to report their landlords for poor standards and unsafe accommodation, due to the fear of being evicted. We are unclear on how the bill will be able to deliver fully on 'improving standards' in the private rented sector without considering this.

We welcome the proposed power for local authorities to charge more than the standard rate of council tax on homes empty for over a year. Given the shortage of affordable homes available to buy or let in Wales the introduction of additional charges that can be levied on empty homes could prompt owners to bring them back into use.

Finally, we are concerned that unintended consequences may arise if local authorities do not develop strong robust relationships with private rented sector landlords or have in

place accessible support for both tenants and landlords. Without this, it is likely that some private rented sector landlords will stop letting to tenants on benefits, therefore reducing the number of properties available to prevent homelessness. Our experience is that local authorities are engaged with their private sector landlords to varying degrees, some with active forums and relationships but others less so. Local authorities are currently able to identify tenants on low income living in the private rented sector and in some cases their associated landlord easily through their Revenues and Benefits function. Once there is a centralised system for administering housing related benefits (Universal Credit) there will be no local record as the DWP will hold this information. It is therefore imperative that if relationships with private landlords are to be nurtured for the good of tenants and a healthy housing portfolio, that the Accreditation scheme is efficiently administered. Further, we are concerned that there may be financial implications for the landlord registration scheme. Due to the lack of information on the private rented sector in Wales, it is difficult to be sure that a registration and licensing scheme would be self financing or whether local authorities would need access to additional funding.

### **Co-operative Housing**

The Wales Co-operative Centre welcomes Part 6 of the Bill relating to fully mutual housing associations. The Bill will assist the expansion of co-operative housing by improving arrangements for people who wish to join or leave a co-operative. The Bill will boost co-operative housing by allowing fully mutual housing co-operatives to grant assured and assured short-hold tenancies, creating more security for tenants and helping co-operatives to obtain finance from lenders. We believe that Clauses 120 and 121 are helpful amendments to the Housing Act 1988.

Clause 120 will permit fully mutual associations to issue assured tenancies thus enabling them to provide stronger and more standard security of tenure for their tenants. In particular, this provision addresses difficulties that co-operative housing tenancies in England have encountered as a result of the Supreme Court's ruling on *Berrisford vs. Mexfield*. This will give their tenants the security provided by the Assured Tenancy framework. The Wales Co-operative Centre welcomes this amendment as it will give 'Security of Tenure' which will be familiar to tenants.

Clause 121 will enable fully mutual associations to obtain a court order in relation to mortgage default. Consequently, co-operative housing organisations will be able to obtain private finance on the open market value of their properties as opposed to tenanted market value. This provision is likely to only be applicable where schemes are developed independently of housing associations but under these circumstances it could help fully mutual co-operatives obtain private finance at competitive rates. The clause opens the door to exploring different ways of developing co-operative housing and the Wales Co-operative Centre welcomes its inclusion as it will give 'Surety of Finance' which will be recognised by and familiar to funders.

These two clauses form part of the Welsh Government's initiative to support different forms of co-operative housing and their commitment to develop 500 co-operative homes in the lifetime of the Assembly. We welcome this commitment to co-operative housing. Co-operative housing can provide an innovative, affordable and alternative model for home ownership in Wales. It also brings added-value benefits such as:

- Democratic ownership and management of homes will lead to people taking responsibility and foster a feeling of a sense of belonging, identity and ownership. It will also lead to strong mutually supportive communities, high rates of satisfaction and good quality service provision.
- An environment in which members of co-operative housing organisations will be able to build their skills and get into work
- The provision of some of the benefits of individual home ownership within a supportive safety net.
- The meeting of individual needs and aspirations through community based businesses that will develop trust and community in potentially challenging neighbourhoods.

The Wales Co-operative Centre has been working with the Welsh Government, specialist consultants and other stakeholders on the pioneering co-operative housing framework. This is uncovering methods that have the potential to be adopted by other parts of the UK. Extending the scheme for the lifetime of the Assembly would ensure that the benefits are embedded and sustained in Wales.

### **Conclusion**

We broadly welcome the aims of the Housing (Wales) Bill to ensure people have good access to good quality affordable homes and better housing related services. We particularly welcome the clarity the Bill will introduce, the move to increase the duty on local authorities to prevent homelessness and to ensure security of tenure and surety of finance for fully mutual housing associations.

We would like to see the developments in this Bill consolidated and strengthened with the development of the proposed Renting Homes Bill. In particular, we would like to see that the proposed new forms of 'co-operative tenancy' are consolidated. The new forms of 'co-operative tenancy' are designed to permit a co-operative member's right of occupancy to create an equitable interest in a co-operative's property, which can then be used as security for loans to buy a 'limited equity' stake in their home. The Centre would also like to see the standardisation of format of all tenancy agreements including those co-operative tenancy agreement models proposed in the Housing (Wales) Bill and to match the standard format of the models in the Renting Housing White Paper.

**For further information, please contact:**

David Palmer or Jocelle Lovell  
Wales Co-operative Centre  
Llandaff Court  
Fairwater Road  
Cardiff  
CF5 2XP  
0300 111 5050  
[david.palmer@walescooperative.org](mailto:david.palmer@walescooperative.org)  
[Jocelle.Lovell@walescooperative.org](mailto:Jocelle.Lovell@walescooperative.org)

The Wales Co-operative Centre is happy to provide any further information on the points raised in our response, and for our response to be in the public domain.